

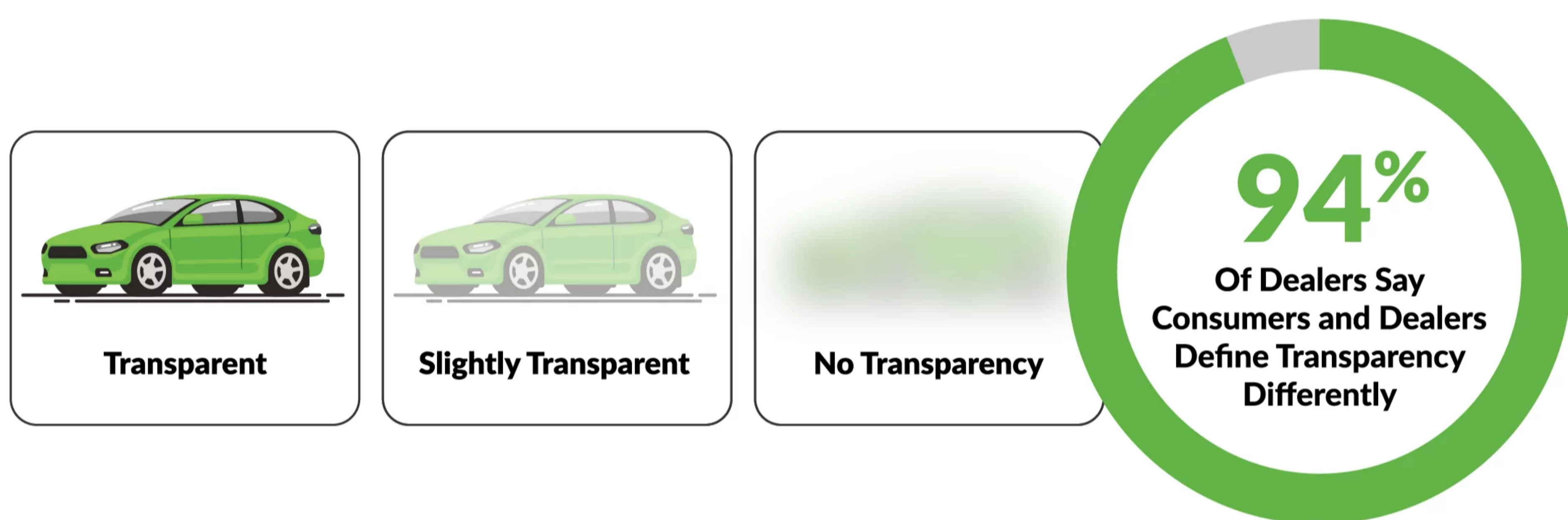
The Quest for Transparency in Retail Automotive

Part One - The Transparency Disconnect Between Consumer and Dealer

The automotive retail industry is approaching a tipping point, facing a dilemma that centers on diverging preferences: how dealers want to sell and how buyers want to buy. Our most recent survey of auto dealers reveals that differing perceptions of 'transparency', whether by definition, expectation or reality, has perpetuated the trust gap - an ongoing source of friction in the vehicle sales process.

The Misaligned Definitions of Transparency

In many ways, the trust divide pivots around contrasting definitions of transparency. Traditionally, transparency for dealers means providing enough information to facilitate a sale but guarded and controlled by the dealer. However, this mindset is increasingly at odds with the buyer's demand for convenience and visibility into every step of the buying process. 94% of dealers agree there is a transparency tug-of-war between dealers and car buyers.



Most car buyers are 'payment sensitive,' meaning affordability is their biggest challenge. They're focused more on monthly payments than the vehicle selling price due to rising interest rates, sustained inflation, volatile gas prices, etc. They want deal clarity and deal fairness. On the other side, many dealers are out of touch with this payment-centric perspective and threatened by expectations of transparency, creating a gap between how dealers want to sell and how buyers want to buy. Almost 100% of surveyed dealers agree this gap exists.



Mismatched Perceptions of The Deal Process

Not only are definitions of transparency different between buyers and dealers, so are perceptions of transparency. There is a need for increased deal transparency. Consumers perceive that the process is much less transparent than dealers do. The divide between consumer expectations and their actual experience reinforces the trust gap. A gap that 97% of dealers agree exists when it comes to arriving at THE deal.



Dealers Believe Profitability and Transparency Are In Conflict

Dealers understand the consumers desire for transparency and the perceived non-transparency perpetuates the trust gap, but they have understandable concerns about how transparency will impact profitability -with many believing that transparency and profitability are mutually exclusive.



Conclusion

Perceptions of non-transparency benefits few in the sales transaction, yet trust deficits and frictions persist. But dealers and consumers are not the only ones caught in this gap. Part 2 of "The Quest for Transparency in Retail Automotive" infographic series, will reveal the lenders role in the evolving transparency disconnect.